

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 IO-13 ISO-00 FEA-01 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 1322

INFO AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: EFIN, ENRG, PE, CIEC

SUBJECT: CIEC - PERU IN THE NORTH/SOUTH DIALOGUE: LDC DEBT,
PROTECTION OF PURCHASING POWER OF COMMODITY EXPORT
EARNINGS OF DEVELOPING COUNTRIES, AND TREATMENT
OF OPEC ASSETS

REF: STATE 181094, STATE 184169, STATE 188024, BRASILIA 6794

1. ECON OFF CALLED UPON FERNANDO GUILLEN, ACTING CHIEF,
ECONOMIC AFFAIRS OFFICE, FOREIGN MINISTRY, TO EXPLAIN USG
POSITION ON SUBJECT ISSUES. EMB OFF'S PRESENTATION BASED
ON CONTENTS STATE 184169 AND STATE 188024. HE ALSO GAVE
GUILLEN PAPERS ON THESE ISSUES DRAWING ON CONTENTS OF THOSE
TWO MESSAGES. GUILLEN EXPRESSED APPRECIATION FOR DETAILED
DESCRIPTION OF U.S. POSITION AND NOTED THAT ECONOMIC ARGUMEN-
TATION ON ISSUE OF PROTECTION OF PURCHASING POWER WAS
ESPECIALLY USEFUL.

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2. GUILLEN SAID THAT PERU WOULD BE TAKING NEUTRAL STANCE ON DEBT ISSUE. GOP'S MAIN CONCERN AT PRESENT IS TO MAINTAIN ITS TRADITIONAL MEANS OF HANDLING ITS DEBT. PERU DID NOT SUBSCRIBE TO ANY GENERAL DEBT RELIEF PROPOSAL; ON THE CONTRARY, GUILLEN GAVE IMPRESSION THAT GOP WAS UNCOMFORTABLE WITH IDEA OF GENERAL DEBT RELIEF BECAUSE PERU FELT IT MIGHT INTERFERE WITH WAY PERU WOULD PREFER TO MANAGE ITS FINANCIAL AFFAIRS. GUILLEN STRESSED THAT ALTHOUGH GOP HELD THIS VIEW, PERU STILL FELT THAT DEBT ISSUE WAS IMPORTANT AND SHOULD BE DISCUSSED IN CIEC.

3. ASIDE FROM COMMENTING ON USEFULNESS OF USG ARGUMENTATION RE PROTECTION OF PURCHASING POWER OF COMMODITY EXPORT EARNINGS OF DEVELOPING COUNTRIES, GUILLEN WAS MOSTLY NON-COMMITTAL ON HOW PERU WOULD APPROACH THE ISSUE IN NEXT CIEC SESSIONS. HOWEVER, AFTER READING PORTION OF EMBASSY PAPER WHICH DISCUSSED USG SUGGESTION FOR MULTILATERAL AGREEMENT REGARDING PROTECTION OF FOREIGN INVESTMENTS, GUILLEN SAID THAT GOP WOULD PROBABLY NEVER BE ABLE TO SUPPORT SUCH A PROPOSAL.

4. IN RESPONSE TO EMB OFFICER'S QUESTION WHETHER ELEVATION OF AMBASSADOR DE LA PUENTE TO FOREIGN MINISTER WOULD RESULT IN ANY CHANGE IN SUBSTANCE AND/OR STYLE OF PERU'S PARTICIPATION IN CIEC, GUILLEN SAID HE COULD NOT FORESEE ANY MAJOR BREAK WITH PERU'S PAST ROLE. HE CLAIMED THAT THE FOREIGN MINISTRY HAD NOT YET MADE FINAL DECISION AS TO WHO WOULD REPLACE DE LA PUENTE AS CHAIRMAN OF RAW MATERIALS COMMISSION. AMBASSADOR WALTER STUBBS, WHO REPLACED DE LA PUENTE IN POSITION OF UNDER SECRETARY FOR ECONOMIC AFFAIRS, WOULD BE THE LOGICAL CHOICE, BUT GUILLEN FELT THAT SINCE STUBBS WAS CONSIDERED DE LA PUENTE'S RIGHT HAND MAN, THE NEW FOREIGN MINISTER WOULD BE RELUCTANT TO LET HIM GO OFF TO PARIS FOR EXTENDED PERIODS. A MORE LIKELY SELECTION WOULD BE PERU'S PERMANENT REPRESENTATIVE TO THE U.N. IN NEW YORK, AMBASSADOR CARLOS ALZAMORA TRAVERSO. GUILLEN INDICATED THAT WHOEVER DE LA PUENTE'S SUCCESSOR IS, THE FOREIGN MINISTER WOULD PROBABLY HAVE LONG DISCUSSIONS WITH HIM IN ORDER TO REVIEW THE CIEC PROGRESS SO FAR, EXA-

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MINE WHAT CAN BE EXPECTED TO COME, ASSESS PERU'S ROLE AND, IF NECESSARY, ADJUST GOP POLICY.

5. COMMENT: WHILE GUILLEN DID NOT SAY SO EXPLICITLY, EMB OFF HAD IMPRESSION THAT PERU IS RELATIVELY SATISFIED WITH CIEC DEVELOPMENTS SO FAR. GUILLEN SAID THAT HE PERSONALLY BELIEVES CIEC PROPOSAL WAS HONEST EFFORT

ON PART OF USG, AND SECRETARY KISSINGER IN PARTICULAR, TO
FOSTER COOPERATION BETWEEN DEVELOPED AND DEVELOPING COUN-
TRIES. GOP APPEARS WILLING TO CONTINUE DIALOGUE WITH
OPEN MIND AND WITH SOME HOPE THAT CIEC RESULTS WILL
BE BENEFICIAL TO ALL.
SMITH

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